



U. S. Department of Justice



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**SEVEN DEFENDANTS, INCLUDING THREE LOAN ORIGINATORS,
INDICTED IN ALLEGED \$8.5 MILLION MORTGAGE FRAUD SCHEME**

CHICAGO — Seven defendants, including two real estate investors and three licensed loan originators, were indicted today for allegedly participating in a scheme to fraudulently obtain more than 20 residential mortgage loans totaling approximately \$8.5 million from various lenders. The indictment alleges that the mortgages were obtained to finance the purchase of properties primarily in and around Englewood and West Englewood in Chicago by buyers who were fraudulently qualified for loans while the defendants allegedly profited. As a result, various lenders and their successors incurred losses because the mortgages were not fully recovered through subsequent sale or foreclosure.

All seven defendants were charged with one or more counts of mail fraud and/or wire fraud in a 12-count indictment that was returned by a federal grand jury. The indictment also seeks forfeiture of at least \$8.5 million. The charges were announced by Gary S. Shapiro, Acting United States Attorney for the Northern District of Illinois; Robert D. Grant, Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation; James Vanderberg, Special Agent-in-Charge of the U.S. Department of Labor's Office of Inspector General; and Thomas P. Brady, Inspector-in-Charge of the U.S. Postal Inspection Service in Chicago.

Steven Klebosits, 40, of St. Charles, and **Thomas Hyland**, 40 of Glen Ellyn, who owned SNAP Holdings, LLC, through which they bought and sold properties, were each charged with four counts of mail fraud and eight counts of wire fraud. **Joseph Natalizio**, 39, of Bloomingdale, a licensed loan originator and the president and co-owner of JNC Mortgage, Inc., which operated as United Mortgage Services in Addison, was charged with two counts of mail fraud and five counts of wire fraud. **Diomedee Cardone**, 32, of Addison, also a licensed loan originator who worked at United Mortgage Services, was charged with two counts of wire fraud. **Jason Strever**, 30, formerly of Sandwich, who owned JMS management Corp., was charged with one count of mail fraud, and **Joseph Abate**, 48, of Downers Grove, who owned APJ Consulting, Inc., was charged with two counts of mail fraud and one count of wire fraud. **Yusef Allan**, 31, of Chicago, a licensed loan originator who owned Silver Key lending and Investment Group, LLC, in Orland Park, was charged with one count of mail fraud.

The defendants will be arraigned on dates yet to be determined in U.S. District Court.

Between March 2007 and November 2008, all seven defendants and others allegedly schemed to obtain the fraudulent mortgages by making false representations in loan applications, supporting documents, and HUD-1 settlement statements concerning the buyers' income, employment, financial condition, source of down payments, and intention to occupy the property.

As part of the scheme, Klebosits and Hyland allegedly sold properties at inflated prices to buyers whom they knew were fraudulently qualified for mortgage loans. Klebosits, Hyland, Cardone, Strever, and Abate recruited buyers to purchase properties from entities, including SNAP Holdings, owned by Klebosits and Hyland, knowing that the buyers would be qualified through false statements made to lenders, the indictment alleges.

Klebosits and Hyland allegedly provided funds to buyers, including through Strever, Allan, and Abate, knowing that the funds would be falsely represented to the lenders as the buyers' down payments. Using false closing documents, Klebosits and Hyland concealed from lenders that they had provided the funds used for down payments and inflated the purchase prices, thus causing lenders to finance transactions for buyers who were actually contributing little or no equity, according to the indictment.

The government is being represented by Assistant U.S. Attorney Jason Yonan.

Each count of wire fraud and mail fraud carries a maximum penalty of 20 years in prison and a \$250,000 fine, and restitution is mandatory. If convicted, the Court may impose an alternate fine totaling twice the loss to any victim or twice the gain to the defendant, whichever is greater. The Court must impose a reasonable sentence under federal sentencing statutes and the advisory United States Sentencing Guidelines.

The public is reminded that an indictment contains only charges and is not evidence of guilt. The defendants are presumed innocent and are entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

Since 2008, more than 200 defendants have been charged in Federal Court in Chicago and Rockford with engaging in various mortgage fraud schemes involving more than 1,000 properties and approximately \$300 million in potential losses, signifying the high priority that federal law enforcement officials give mortgage fraud in an effort to deter others from engaging in crimes relating to residential and commercial real estate.

Today's announcement is part of efforts underway by the Financial Fraud Enforcement Task Force (FFETF), which was created in November 2009 to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. With more than 20 federal agencies,

94 U.S. Attorneys' Offices, and state and local partners, it's the broadest coalition of law enforcement, investigatory and regulatory agencies ever assembled to combat fraud. Since its formation, the task force has facilitated increased investigation and prosecution of financial crimes; enhanced coordination and cooperation among federal, state and local authorities; addressed discrimination in the lending and financial markets, and conducted outreach to the public, victims, financial institutions and other organizations. Over the past three fiscal years, the Justice Department has filed more than 10,000 financial fraud cases against nearly 15,000 defendants, including more than 2,700 mortgage fraud defendants. For more information on the task force, visit www.stopfraud.gov.

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